

State Department review completed

# A Guide to the Allowance System

By JAMES STROMAYER, *Director, Allowances Staff*

*Allowances are an emotional subject in the foreign affairs community. That they are an important element in personnel administration and have a strong impact on morale, no one would deny. But a considerable amount of confusion appears to exist here and abroad about the range of allowances available, how they are established and calculated, why and when they are changed, by whom, and under what authority. Misunderstanding on these and other points might be avoided if the Department did a better job of explaining the allowance system and how it works.*

*In this and succeeding issues of the NEWSLETTER we will try to do just that, in language understandable to all.*

*We start with a modest objective: a summary of 14 major allowances, setting forth their purpose and important features and taking them in the order that seems to reflect most interest abroad.*

*These allowances are within the jurisdiction of the Department's Allowances Staff and include:*

*Post Allowance  
Living Quarters Allowance  
Temporary Lodging Allowance  
Post Differential*

*Foreign Transfer Allowance  
Travel Per Diem Allowance  
Supplementary Post Allowance  
Education Allowance  
Educational Travel  
Representation Allowance  
Home Service Transfer Allowance  
Separate Maintenance Allowance  
Official Residence Expense  
Evacuation Payments*

*With an eye to brevity, the summaries can only be viewed as guidelines, but they should serve as a good point of departure for future articles in which we plan to take a closer look at the anatomy of some individual allowances to understand better how they work.\**

*Readers are invited to address any questions on this or future articles to the Director, Allowances Staff, A/ALS, Department of State. We will supplement future articles with a representative sampling of the questions and answers to them.*

*\* Administrative offices can provide more detailed information available in the Standardized Regulations (Government Civilians, Foreign Areas), the Foreign Affairs Manual and the Federal Travel Regulations.*

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## Summary of Fourteen Allowances

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### Post Allowance

#### PURPOSE

To compensate for serving at a post where the cost of living (excluding the cost of living quarters and schooling) is substantially higher than in Washington, D. C.

#### FEATURES

☐ Paid only if living costs are at least 2½ percent higher than in Washington, D. C.

☐ Applies only to percentage difference in "spendable income"—that part of salary remaining after average taxes, life insurance, retirement contributions and savings are deducted.

☐ Determined by annual or biennial review of reports from the posts. Prices reported are compared

to Bureau of Labor Statistics figures on Washington prices.

- ☐ Varies by salary and family size.
- ☐ Paid biweekly automatically with salary.
- ☐ Payable upon arrival at post of you or your family, whoever comes first.

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### Living Quarters Allowance

#### PURPOSE

To cover the annual cost of suitable and adequate living quarters for the average employee and family if government quarters are not provided at a post.

#### FEATURES

- ☐ Paid only if government quarters are not provided.

☐ Not paid concurrently with temporary lodging allowance.

☐ Covers the average employee's costs for rent, heat, light, fuel, gas, electricity, water, insurance, and required local government housing taxes.

☐ Paid up to a calculated maximum. Circumstances may decrease payments.

☐ Varies with post costs, grade, and family size.

☐ File an annual estimate, supported by receipts, to obtain an adjustment in the maximum rates.

☐ Paid biweekly with salary.

☐ A housing supplement is available to a limited number of employees assigned to the U. S. Mission to the United Nations in New York City.

## Temporary Lodging Allowance

### PURPOSE

To pay the costs of temporary quarters at a foreign post.

### FEATURES

☐ Paid for up to the initial three months at post and up to the final month before departure from post.

☐ Not paid concurrently with a living quarters or travel per diem allowance.

☐ Covers actual costs of hotel room not to exceed a prescribed maximum rate. Meals not included.

☐ Paid biweekly with salary.

☐ Submit evidence of daily costs at post.

## Post Differential

### PURPOSE

To compensate for serving at a post where extraordinarily difficult or notably unhealthful conditions or excessive physical hardships differ substantially from those in the continental United States and warrant a recruitment and retention incentive.

### FEATURES

☐ Paid at 10, 15, 20, or 25 percent (legal maximum) of your basic rate of pay.

☐ Authorized only where the degree of hardship for most employees exceeds that expected as a necessary part of overseas service. Fewer than half of the foreign posts have a post differential.

☐ Rates determined by biennial—at least—review of reports from posts and measured against a set of standards. Rates may vary with changes in environment.

☐ Paid biweekly automatically with your salary.

☐ Subject to Federal income tax. All other allowances are not taxable.

## Foreign Transfer Allowance

Approved For Release 2002/05/17 : CIA-RDP78-04722A000300030017-4  
PURPOSE

To reimburse partially for expenses incurred by changing residences in or to foreign areas (miscellaneous expense) and by changing climatic zones (wardrobe expense).

### FEATURES

#### Miscellaneous expense portion

☐ Covers expenses such as disconnecting and connecting or converting appliances, equipment, and utilities; cutting and fitting rugs, drapes, curtains (not purchase of new items); utility fees not offset by eventual refunds; auto registrations, driver's licenses, and similar fees; and personal cable and telephone costs, exclusive of such costs intended to be reimbursed by travel per diem.

☐ Granted for all foreign transfers.

☐ Amounts of \$100 (employee without a family) and \$200 (employee with family) payable without receipts or itemization. Larger claims must be supported by receipts for the entire miscellaneous expense claim.

#### Wardrobe expense portion

☐ Granted only for transfers between climatic zones, or on about one-third of all transfers.

☐ Amounts payable are \$75 (employee without family), \$125 (one family member), and \$175 (two or more family members).

The maximum amounts for the two portions combined are one week's salary for an employee without family and two weeks' salary for an employee with family at a maximum salary ceiling of GS-13, step 10. If the wardrobe expense portion is not payable, a correspondingly larger amount is available for miscellaneous expenses within the ceilings.

☐ Submit receipts (if applicable) after arrival at new post.

☐ Paid in lump sum.

## Travel Per Diem Allowance

### PURPOSE

To cover average costs of a single room, meals, and incidentals such as laundry, drycleaning, tips, and related service expenses for each day you and your family are in travel status. (Expenses relating to actual transportation of you and your dependents, baggage, and household effects do not fall within this category.)

### FEATURES

☐ Established rates vary according to average costs reported from cities throughout the world.

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and the relative requirements of the several categories of personnel at your mission.

☐ Insufficient to reimburse expenditures. However, all uncompensated bona fide representation costs are tax deductible.

☐ Paid in lump sum.

☐ Submit a voucher for previously authorized expenses.

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## Home Service Transfer Allowance

### PURPOSE

To reimburse you partially for expenses incurred in establishing yourself at a post in the United States between assignments to foreign posts. Not available if you will not again serve abroad (e.g., permanent return to U. S. duty or separation).

### FEATURES

☐ Consists of three parts—a miscellaneous expense portion, a wardrobe expense portion, and a temporary lodging portion. The first two are described in this digest under Foreign Transfer Allowance.

☐ The third offsets actual hotel lodging costs for a maximum of 30 days, in the period 60 days before to 60 days after entrance on duty.

☐ Maximum rate varies with the number and age of your dependents occupying temporary lodging.

☐ Based on hotel room costs in Washington, D. C. Does not include extra charges, if any, for TV, telephone, or additional furniture. The current maximum rates per day are: \$12 for the initial occupant age 11 or over, \$9 for the second, age 11 or over, and \$6 for each additional occupant.

☐ Appropriate reimbursement made for dependents who arrive in advance of the employee.

☐ Payment made upon application immediately after arrival.

☐ If you choose, paid in two lump sums. Make one estimated total and later submit an amendment.

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## Separate Maintenance Allowance

### PURPOSE

To pay additional costs when the head of your agency decides that conditions at post require you to maintain your dependents elsewhere.

### FEATURES

☐ Separate maintenance required by dangerous, notably unhealthful, or excessively adverse situations, or for the convenience of the Government.

☐ Based on average additional expenses for housing and household equipment in maintaining a spouse and dependents in Washington, D. C., regardless of actual location of separated household.

☐ Based on the number of dependents maintained away from post:

1 adult only	\$17450
2 or more children	\$2400
1 adult only	\$2700
1 adult & 1 other dependent	\$3200
1 adult & 2 or 3 other dependents	\$3700
1 adult & 4 or more other dependents	\$4300

☐ Application must be approved.

☐ Paid biweekly with salary.

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## Official Residence Expenses

### PURPOSE

To reimburse a principal representative (chief representatives and other designated senior officials) for those unusual expenses he must incur in the operation and maintenance of an official residence.

To keep official residences staffed and operational during intervals such as recall or transfer of a principal representative.

### FEATURES

☐ Expenses must exceed the normal housekeeping expenses and costs an officer at the post would incur.

☐ Based on the normal living pattern of officers at the posts, the difference between normal housekeeping expenses and costs a principal representative is required to bear, and the size and condition of the official residence.

☐ Usually insufficient to cover all costs.

☐ Not considered to be a gratuity, allowance, or emolument.

☐ Paid in a lump sum to the mission.

☐ Submit a voucher for specific expenses.

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## Evacuation Payments

### PURPOSE

To provide continued payment of salary and certain allowances when you or your family are evacuated from a post because of imminent danger to your lives.

### FEATURES

☐ Period covered is up to 180 days.

☐ Provides salary advance for 30 days if necessary and continuation or adjustment of allowances at evacuated post depending on circumstances.

☐ Provides for special travel, subsistence, and educational allowances payable to you and members of your family evacuated from post.

☐ Paid by various methods depending on type of payment.

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☐ Under up to \$18 over the established rate for actual expenses.

☐ Paid in lump sum following submission of a voucher.

☐ Receipts necessary only to support actual expenses for claims above established rates.

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## Supplementary Post Allowance

### PURPOSE

To pay for heavy expenses for restaurant meals for you and your family while you are occupying temporary nonhousekeeping quarters.

### FEATURES

- ☐ Payable for you and dependents.
  - ☐ Covers up to the initial three months at post or the final month before departure from a post.
  - ☐ Paid biweekly with salary.
- Submit evidence of daily costs at post.

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## Education Allowance

### PURPOSE

To assist in meeting the uncompensated, necessary, and extraordinary expenses of educating your dependent children while you are serving in a foreign area.

### FEATURES

- ☐ Granted at posts where the cost of adequate schooling exceeds the cost in a U. S. public school, grades K-12.
- ☐ If adequate schools are available at post and you elect to send a dependent to school away from post, no higher allowance than the "at post" rate will be paid.
- ☐ If local schools are inadequate, an "away from post" allowance will assist with costs of tuition, room and board, and periodic transportation for adequate schooling elsewhere.
- ☐ Generally, you may send your child to any school and receive up to the maximum allowance established for your post. However, if there is a U. S. Government-operated school (Army, Navy, Air Force) or a designated U. S. Government-sponsored school at post, your child must attend if you are to receive an education allowance. Special circumstances of health or distance may allow you to send your child elsewhere or you may elect to send him to the United States.

☐ In addition to or in lieu of the basic rate, other allowance payments may assist with certain one-time

expenses, such as correspondence courses (home study), and educational expense for handicapped children not in regular schools.

☐ Apply for the education allowance at your post of assignment.

☐ Paid in lump sum(s) as necessary.

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## Educational Travel

### PURPOSE

To cover round-trip travel expenses of your children from post to a school *in the United States* for secondary and undergraduate college education.

### FEATURES

- ☐ Covers student rates or less than first-class fares.
- ☐ Includes per diem and transportation of unaccompanied personal baggage.
- ☐ Eligibility determined by age of the dependent child, length of time the child has spent outside the United States and by your employment status at the post.
- ☐ One round trip for all of high school. At the high school level (9-12), this benefit is available in lieu of the education allowance. However, the annual education allowance is usually of greater monetary value.
- ☐ One round trip for all of undergraduate college. (Legislation is being sought to allow a round trip for each of 4 years of college.) At the college undergraduate level, this is the only education benefit.
- ☐ Round trips must start at the post and be finished before the 21st birthday. A graduating college senior may extend the limit up to (not including) his 23rd birthday or longer if military service interrupted his education.
- ☐ Not simply a benefit for a short vacation trip. A child beginning educational travel to the United States must have been outside the United States for 21 days if his trip to the post was at government expense.
- ☐ Educational travel orders are generally written at post or by the usual travel authorizing office.

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## Representation Allowance

### PURPOSE

To defray expenditures for entertainment and incidentals if your official position at a post entails responsibility for establishing and maintaining relationships valuable to the U. S. Government in furthering U. S. foreign policy objectives.

### FEATURES

- ☐ Eligibility based on your official position at a post, the political-economic importance of a post,